

August 23, 2019

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

RE: South Carolina Energy Freedom Act (H.3659) Proceeding to Establish Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Standard Offer, Avoided Cost Methodologies, Form Contract Power Purchase Agreements, Commitment to Sell Forms, and Any Other Terms or Conditions Necessary (Includes Small Power Producers as Defined in 16 United States Code 796, as Amended) – S.C. Code Ann. Section 58-41-20(A)

Docket No. 2019-185-E (Duke Energy Carolinas, LLC)
Docket No. 2019-186-E (Duke Energy Progress, LLC)

Dear Ms. Boyd,

Pursuant to Order No. 2019-585 issued on August 21, 2019, in the above-referenced dockets, Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP,” and together with DEC, the “Companies” or “Duke”) are hereby providing comments on the public interviews conducted by the Public Service Commission of South Carolina (the “Commission”) with candidates to serve as the independent, third-party consultant in the above-referenced dockets. At the outset, the Companies would commend and thank the Commission for its time and effort in interviewing the six candidates and believe the information gained from these interviews is valuable in assessing the independence and competence of the candidates.

The issues presented to the Commission for adjudication in S.C. Code Ann. § 58-41-20 are varied and complex, ranging from questions of contract law to the technical calculation of avoided cost rates. However, the Companies note that the Legislature has narrowed the scope of the third-party consultant’s work to “submit[ting] a report” on the “third party’s opinion of each utility’s calculation of avoided costs.” Accordingly, the Companies believe the Commission should not concern itself with the candidates’ competency in matters such as power purchase agreements or Notice of Commitment to Sell Forms, and instead should focus on the candidates’ experience in

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calculating avoided cost pursuant to requirements of the Public Utility Regulatory Policies Act of 1978 ("PURPA").

The Companies emphasize that an expert in this subject matter must demonstrate a comprehensive understanding of how a utility's system operates, including an understanding of generation unit commitment and dispatch modeling. Such modeling experience should be specific to industry-accepted comprehensive generation dispatch models utilized by regulated utilities, Regional Transmission Organizations (RTOs) or Independent System Operators (ISOs). For example, in order to serve as an expert, the candidate should have experience with the standard toolsets accepted by the electric utility industry in modeling, such as PROMOD, ProSym, e7 Portfolio Optimization, Plexos, Aurora, or Encompass. Candidates that lack a demonstrated understanding of these foundational components of the avoided cost calculation would not be competent to serve as an expert in these proceedings.

The Companies also emphasize the need for impartiality and independence in the selected expert. The Companies urge the Commission to question the independence of candidates with a history of representing one particular industry sector (such as primarily representing electric utilities or primarily representing solar/environmental organizations), as well as those candidates who have recently represented any parties to this case. Given the expressed intent of several candidates to hire other firms to conduct the modeling review necessary to evaluate the utility's avoided cost, the Companies believe that such third-party contractors should also be established as an independent expert. For example, utilizing Synapse to provide modeling would be problematic, given that Synapse's modeling demonstrates a significant lack of understanding of the utility industry and Synapse's extensive history working on behalf of the solar and environmental community.

Duke appreciates the opportunity to provide comments on this matter. Should you have any questions, please do not hesitate to contact me.

Sincerely,



Rebecca J. Dulin

cc: Parties of Record (via email)